

BCC Meeting

Parks and Recreation Department

Audit Report 2013-1 Freedom Park Cash Review



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Background

- The audit request was based on concerns that the custodian and/or sub-custodian may not be following the County's policies and procedures for operations of these funds (completed 9/2011).
- A follow-up review was completed (12/2012) to determine if the original findings were corrected.
- The audit was limited to review of the Freedom Park (one location) change drawer including unannounced cash counts and a cash handling review.

Note: While this is one of Park's smaller cash revenue locations, the Department's overall lack of controls remains a strong concern.

Freedom Park Gift Shop



Audit Objectives

1. Determine whether the cash fund exists
2. Determine whether internal controls over the cash fund are adequate
3. Determine whether imprest fund data is reliable
4. Determine whether custodians are in compliance with county policies and procedures as they relate to the audited processes



Summary of Findings

1. Funds were split for multiple locations without authorization without appropriate oversight.
2. Certificate and Request of Imprest Fund forms have not been updated and provided to Finance as changes occurred.
3. The Annual Confirmations have not been returned to Finance by the due date and have not been returned on a yearly basis.
4. Funds have not been properly secured or safeguarded.
5. Manual keys have been used to override automated cash register controls compromising the integrity of the transaction.
6. Manual cash registers have been used to circumvent using the CLASS Point of Sale (POS) system.
7. Receipts have not been properly issued.

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8. Checks have not been properly endorsed.
9. The change drawer did not balance.
10. The No Sale transaction is not being properly used.
11. There are an inordinate number of “Item Not Found” transactions (14%).
12. Deposits have not been made in accordance with Parks and Recreation Policy.
13. A sub-custodian indicated he had not been properly trained for credit card transactions.
14. Lack of Audit Trail.

Funds were split for multiple locations without authorization without appropriate oversight.

- Finance issued a check that was never cashed by the Department. Upon inquiry the “stale” check was voided and reissued. The reissued check was destroyed by the Department and not cashed.
- Internal Audit determined the NCRP pool concession fund had been split to provide additional funds for multiple change drawers, including Freedom Park.
 - The Department was unaware of the original source of the funds.

Splitting funds may cause funds to be improperly recorded and may cause the appearance of theft when unannounced cash counts are completed.

Certificate and Request of Imprest Fund forms have not been updated and provided to Finance as changes occurred.

- Change Drawer Policy requires updates each time there is a change to the custodian, sub-custodian, director, or physical location.
- On September 10, 2011, the sub-custodian said 3-4 unauthorized volunteers have access to the fund.
- When reviewing CLASS reports during follow-up, the reports indicated 3 unauthorized county employees have access to the location's cash.

As changes occur, it is important to update the forms to ensure only authorized custodians and sub-custodians have access to the fund.

The Annual Confirmations have not been returned to Finance by the due date and have not been returned on a yearly basis.

- The FY 2010 Annual Confirmation was not received by Finance.
- The FY 2011 and FY 2012 Annual Confirmations were received by Finance after the requested due date.

If the Annual Confirmation form, including all updates, is not completed and returned by the deadline, funds may not be properly recorded.

Funds have not been properly secured or safeguarded.

- FL Statute 219.02(2) – “It is the duty of each officer to keep safely all the public money collected by him or her. Each officer shall exercise all possible care for the protection of the public money in that officer’s custody.”
- P&R Policy – “All moneys received at any facility within the Parks and Recreation system must immediately be secured.”
- FY 2011: sub-custodian stated change is left in the unlocked cash register overnight, cash register drawer is left ajar during operations, and funds collected during operations were placed in an unsecured bank bag (no lock) rather than in the cash register.
- FY 2011: Donations were accepted in unsecured donation jars left on a table in the middle of the facility rather than recording donations through the automated system.
- The BCC Insurance Policy indicates unsecured funds lost or stolen may not be covered under the insurance policy.

County funds should be properly secured in locked safes or cash registers to prevent theft and as required by the insurance policy to cover claims.

Manual keys have been used to override automated cash register controls compromising the integrity of the transaction.

- On September 10, 2011, County staff was using a manual key for the cash register.
- On December 6, 2012, the manual key was secured in the top part of the safe; however, all sub-custodians have access to the top part of the safe.
- In this instance the removal of the manual key did not reduce the risk of circumvention because all custodians/sub-custodians with access to the safe have access to the manual key.

The use of a manual key overrides the cash registers automated controls and increases the opportunity for unrecorded transactions and/or theft.

Manual cash registers have been used to circumvent using the CLASS Point of Sale (POS) System.

- On September 10, 2011, the sub-custodian was using a manual cash register instead of the CLASS POS System.
- This compromises the integrity of the transaction and the system's records.
- On December 6, 2012, the sub-custodian said donations were not recorded in the CLASS POS System, but merchandise sales were recorded in the CLASS POS System.
- When locations have the CLASS POS System, all transactions should be completed in the CLASS POS System.

Without proper use of the computer systems available, records may be inconsistent or unavailable.

Receipts have not been properly issued and checks have not been properly endorsed.

- FL Statute 219.02(1) – “It shall be the duty of each officer to issue a receipt for each collection of public money made by him or her, a copy of which receipt shall be retained by the officer.”
- On September 10, 2011, two checks for deposit were un-receipted and not endorsed.
- Beach passes and donations were not properly receipted or secured.
- Checks that have not followed the check intake process may have insufficient information to provide the check to the State Attorney’s Office if accounts have insufficient funds.

When receipts are not issued to customers, the potential for fraud and/or theft exists. Without proper documentation and receipts, a proper post-audit trail does not exist and the County may lose revenue and/or the ability to pursue funds due.

The change drawer did not balance.

- The change drawer exceeded the authorized fund and collection totals.
- Custodians and sub-custodians must exercise care for change drawers to prevent overages and shortages.

The No Sale transaction is not being properly used.

- No Sale transaction description was inaccurate.
- No Sale transactions should be properly used and documented to ensure the integrity of the information.

Without accurate descriptions, the audit trail is unreliable.

There are an inordinate number of “Item Not Found” transactions (14%).

- Time Period = September 10, 2011 through December 13, 2012 for Freedom Park
- 3,844 transactions were selected for review – 524 were “item not found” transactions (14% of all transactions for the location)
- It appears there are no records in CLASS or logs for “item not found” transactions

By not recording the item sold from merchandise inventory, totals may be inaccurate and there may be the lack of a proper audit trail.

Deposits have not been made in accordance with Parks and Recreation Policy.

- County staff did not always comply with the policy.
- The location has made “block deposits” (multiple deposits on one day).
- Deposits should be completed on a daily basis. The Parks and Recreation policy has been changed numerous times (3 different policies for the audited period) making training, compliance, and validation increasingly cumbersome.

Block deposits and deposits not completed in accordance with the policy are internal control weaknesses and leave the funds susceptible to theft.

Lack of Audit Trail

- CLASS daily total reports or manual register printouts and receipts should be maintained for proper accounting and audit trails.
- P&R staff has not maintained records for donations and have not issued receipts.
- As a result of P&R staff circumventing the CLASS POS system through the use of manual keys, manual cash registers, handwritten receipts, not maintaining documentation, and item not found transactions, there is a lack of an audit trail.

OVERALL RECOMMENDATIONS

- Funds should be accounted for by County staff.
- County staff should comply with Florida Statute and Policies and Procedures.
- Inventory should be monitored and tracking mechanisms implemented.
- Forms should be updated at the time of changes.
- Additional training should be provided to all individuals involved in the cash process.

FREEDOM PARK CONCLUSION

- The location shows systematic internal control weaknesses.
- Parks and Recreation's quarterly reviews do not appear to be correcting the internal control issues.
- These are indicators for the entire Department.
- While this is one of Park's smaller cash revenue locations, the Department's overall lack of controls remains a strong concern.

GENERAL CASH AUDIT CONCLUSIONS

- Multiple locations throughout Parks and Recreation have been reviewed.
- Procedures are in place, but not being followed.
- The audit shows a lack of enforced compliance for procedural controls.
- Until employees are held accountable, this cannot be corrected.
- Hiring additional employees to complete “post-audit” does not solve the issue if employees are not held accountable at each location.
- The potential for fraud, waste, and abuse to occur will be present until accountability is implemented and compliance required.

Thank you

